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STRATEGY RESEARCH PROJECT

ECONOMIC INTELLIGENCE - A KEY TO ECONOMIC POWER

BY

COLONEL JOSEPH H. BRAND United States Army

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ABSTRACT

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With the end of the cold war and a commensurate decrease in military spending, nations are refocusing domestic and foreign policies and programs to increase economic standards of living for their citizens. This study focuses on United States economic power as an instrument of national power and the role economic intelligence plays in building and retaining that power. It is evident the U.S. government is becoming more reliant upon economic intelligence from both the Central Intelligence Agency and the Department of Defense to ensure the economic playing field remains level and its policies and programs are not subverted by other nations. As President Clinton stated:

"Economic security is vital to U.S. interests. The collection and analysis of intelligence related to economic development will play an increasingly important role in helping policy makers understand economic trends."

DISCLAIMER

The views expressed in this paper are those of the author and do not reflect the official policy or positions of the Army War College, the Army, the Department of Defense, or the United States Government.

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In 1992, Bill Clinton was elected to the presidency of the United States on a domestic platform. His first task was to tackle systemic domestic and economic problems facing our country (health care, education, drugs, trade imbalances, etc.) and to formulate an economic policy that would help build U.S. economic security. As Clinton stated, "Economic security is vital to U.S. interests".

President Clinton realized economic security — the ability to protect or advance national economic interests in the face of events, developments, or actions that may threaten or block economic interests — had become vital to the future of the U.S.¹ President Clinton aptly stated, "We must revitalize our economy if we are to sustain our military forces, foreign initiatives and global influence."² Economic security had become an integral part of overall national security, not unlike military and political security.

Almost simultaneous with Clinton's declaration on the vitality of economic security, Congress and the Executive Branch debated the demise of the Soviet Union and its long term effect on the United States intelligence system. In particular, as a part of an on-going dialogue to reap cold-war peace dividends, Congress wanted to restructure the U.S. intelligence system, and determine, within this restructuring, whether economic intelligence should be used to support economic security.

Some Congressmen felt the intelligence system should help the Executive Branch and private industry formulate and carry out

national economic policy and programs. Still, other Congressmen and some industry leaders argued the government should not be involved in economic intelligence activities nor, for that matter, industrial espionage. Rather, U.S. intelligence elements should concentrate on "leveling the playing field" where U.S. competitiveness would prevail.

Supported by economic power, economic security is the overall economic well being of the U.S. -- quality of life, jobs, free markets and financial independence. Economic power allows us to shape the world to our liking and provides economic security which allows a nation the ability to protect or to advance its economic interests.³

This paper will discuss U.S. economic intelligence and its relationship to economic power. It will support: 1) in order to formulate economic policy, ensure economic security and bolster economic power, the U.S. should conduct economic intelligence activities, 2) government derived economic intelligence should, with few exceptions, stay within government channels, 3) both the Department of Defense and the Central Intelligence Agency should be involved in economic intelligence activities, and 4) the DoD should expand its economic intelligence collection efforts; especially at operational levels.

ECONOMIC POWER.

National economic policies and strategies have their origins in national values and purpose. National economic values and

purpose (e.g. American prosperity) beget national economic interests (e.g. economic well being) which in turn drive national economic strategies (e.g. open and free markets). National economic strategies are achieved with economic policy (e.g. creation of trade alliances) and plans (e.g. foreign investment tax credits) using any and all means of national power - diplomatic, military, informational and economic.

U.S. economic power is the combination of government and private industry's ability to change or influence the economic well being of the nation. Economic power is used to gain and retain economic security which often equates to national prosperity.

The U.S. uses economic power to carry out both domestic and foreign policy. It will use all available economic resources (means) to implement processes and programs (ways) to achieve desired results (ends). One such example is the current U.S. Cuban policy (mean) to conduct an economic embargo (way) in hope of an eventual Castro downfall, political reform and democratization (ends). (As a note: the U.S. rarely uses economic power to carry out military policy⁴. However, military power can be used to carry out political and economic policy in the form of economic embargoes; e.g. the UN declared and US supported economic embargo of Iraq following the 1991 Gulf War.)

In the Clinton administration's February 1995 document, \underline{A} National Security Strategy of Engagement and Enlargement, the President stated:

"If our **economic** institutions are secure, democracy will flourish. Democracies create free markets that offer **economic** opportunity, make for more reliable trading partners, and are far less likely to wage war on one another. It is in our interest to do all that we can to enlarge the community of free and open societies, especially in areas of greatest strategic interest." (emphasis mine)

Most would agree the U.S. has one vital economic interest — a well functioning international financial and trading system based on free market concepts. Commonly accepted threats to this vital interest include: protectionism, trade wars, economic downturns, governmental subsidies for domestic industries, and policies that keep other countries from developing their own economic foundation. Therefore, the U.S. must establish policies and programs (economic, political, informational, and military) which protect or allow fruition of this vital interest.

To achieve national economic goals and protect its vital interest, the U.S. government has numerous policy tools to carry out it's economic strategy. For instance, the Executive Branch (i.e. The Treasury Department) can use fiscal policy, either to stimulate the economy from sub-optimal economic growth to potential economic growth or to slow down an inflationary economy. The Federal Reserve can pursue similar goals by directly or indirectly expanding or contracting the growth of the money supply. Furthermore, U.S. government agencies can use foreign trade and investment, such as encouraging or discouraging U.S. corporations and citizens to invest in foreign entities or by levying tariffs or taxes on foreign goods, to achieve economic goals. Finally, Congress can use legislation to influence

various sectors of the U.S. economy (health care, housing, agriculture, etc.). In short, the government uses all of these instruments in an attempt to seek a desirable economic outcome.

One must remember, the government can not totally control our nation's economic power. The private sector and the government each share a part of this power. With the U.S. government directly taxing and spending about \$1.6 trillion per year and the overall U.S. Gross Domestic Product (GDP) almost \$7 trillion per year, the ability of the government to solely control U.S. economic power is out of the question. Even inside the U.S. government, there is no "economic czar." In other words, the President's economic power is much weaker than his political or military power. For instance, as Commander-in-Chief of the Armed Forces, the President has vertical control over the Secretary of Defense and the war fighting Commanders in Chiefs (CINCs) (Europe, Atlantic, South, Central and Pacific), but, he has no operational control over the Chairman of the Federal Reserve except to appoint/reappoint the Chairman every four years.

As seen in figure 1, by comparing 1994 Gross Domestic Products, (Japan (\$4.6 trillion), Russia (\$257 billion), Germany (\$1.8 trillion), China (\$449 billion) United Kingdom (\$1.0 trillion), Italy (\$1.0 trillion), and France (\$1.3 trillion)); the U.S. (\$6.8 trillion) is by far the most economically powerful nation in the world. However, as a government, the U.S's ability to wield this power is limited as we shall see.

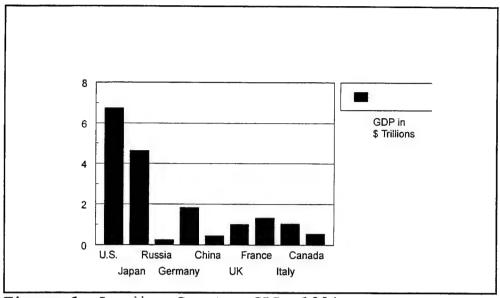


Figure 1. Leading Country GDPs 1994

WHY DO WE NEED ECONOMIC POWER?

To put it frankly, without economic power, a nation can have little, if any, military, informational, or political power. A nation needs economic power to act as a foundation and to support its other spheres of national power.

The former Soviet Union can attest to this fact. When faced with continued economic turmoil from decades of excessive spending on military systems and not enough on domestic infrastructure, coupled with no growth in GDP, the Union and its military alliance, the Warsaw Pact, disintegrated in 1991.

Today, Russia, its former states and Warsaw Pact allies are not a viable part of the world's economic power base. They are now considered transition economies and are struggling to rebuild their social and economic power. An economic power base is needed if they are to ever provide their citizens with desired

goods and services and to emerge as a competitor on the international economic playing field.

A nation needs to oversee its economic well being. Today's international financial and trading markets are often closely tied to a nation's economic well being. The U.S. stock market crash of 1987 and the simultaneous crashes (or at worse, large corrections) of foreign stock markets, clearly pointed out worldwide financial interdependencies. Additionally, with foreign exchange traders moving an equivalent of more than \$1 trillion around the world each day, a government can quickly find its currency under attack.8 Often, it is not enough for a government to simply formulate policy and hope that domestic and international economic programs follow suit. Rather, a government must often interject and put its "money where its mouth is" through such actions as propping up its currency or infusing money through spending (and perhaps increase national debt) in order to stimulate its economy. Today, this phenomena is most evident within the European Union as each nation tries to reduce its deficit spending and national debt in the face of economic recession and high unemployment. Therefore, governments are finding it more and more difficult to control and steer the economic destiny of their country with the private sector often setting the pace for a nation's economic well being.

Foreign investment in the U.S. and our investment abroad also speak of international economic inter-dependencies. In 1991 alone, the U.S. invested over \$450 billion in foreign countries

while foreign entities invested over \$320 billion in the U.S.⁹ Likewise, foreigners now hold approximately \$1.5 trillion worth of American securities.¹⁰

Furthermore, the American dollar is the most widely held currency in the world. The U.S. Treasury Department estimates over \$280 billion of the \$380 billion of U.S. cash dollars in circulation are held in other countries. Interestingly enough, Russia is the largest holder of American dollars as their citizens try to convert rubles to dollars in an attempt to stay ahead of rampant inflation.

As world trade has grown over the last half of this century, we are now intrinsically linked to our trading partners around the world. The U.S. annually imports over \$550 billion and exports over \$450 billion. (See Figure 2 for 1993 trade statistics with our largest trading partners.)

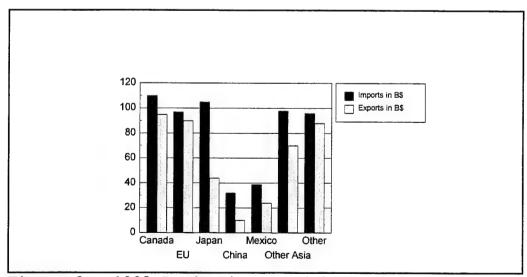


Figure 2. 1993 Trade Figures with U.S.

To complicate matters even more, the U.S. has entered into trade alliances with other nations to foster economic security. For example, the U.S. is an integral part the North America Free Trade Agreement, the General Agreement on Tariffs and Trade, Asia Pacific Economic Cooperation, U.S.-Japan Framework for Economic Partnership, and the soon to be established World Trade Organization (WTO) that will replace GATT.

Likewise, some of our trading partners have formed regional trade and economic alliances to shape their economic destiny.

The European Union in Europe, Central America Common Market and Andean Group in Central and South America, and the Common Wealth of Independent States in the former Soviet Union are prime examples of such alliances.

ECONOMIC POLICY

With the demise of the cold war and an appreciable decrease in the probability of a nuclear attack from the Russia, U.S. governmental policy makers are turning to overall economic well-being and to the formulation of policy and programs to control our economic destiny. The ongoing debates over deficit spending and the balanced budget attest to this turn of events. After decades of deficit spending (over \$3 trillion in the last 20 years) fueled by the bi-polar U.S./Soviet cold war, the majority of U.S. citizens want the government to balance its annual budgets, to eventually pay off the national debt, and to be fiscally responsible. Most citizens argue the government must conduct itself by the same economic rules they and industry must

abide by -- to balance their checkbooks and pay off their debts in order to stay economically viable.

Hearing his constituents, the President has formulated a National Economic Council (NEC) to coordinate and guide intergovernmental domestic economic policy. The NEC provides advice to the President, ensures Presidential stated policy and goals are being carried out and monitors the implementation of the President's economic policy agenda.

The NEC is comprised of the President, Vice President,
Secretaries of State, Treasury, Agriculture, Commerce, and Labor,
the United States Trade Representative, the Assistant to the
President for Economic Policy and others who have a stake in
economic policy formulation, implementation and enforcement. (See
Figure 3 for a listing of NEC and National Security Council (NSC)
members.)

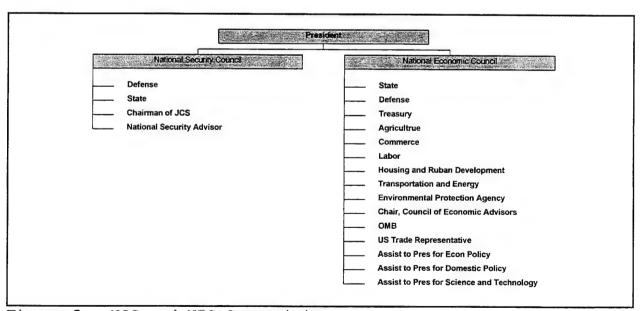


Figure 3. NSC and NEC Composition

In today's world, economic power is paramount to a nation's survival. Therefore, it behooves a nation to formulate the right economic policies and programs that will lead to economic strength, stability and the well-being of its citizens. Economic intelligence can become a critical ingredient in this equation. As Ambassador Kimmet, former Ambassador to Germany, stated, "Foreign policy, military policy and economic policy is based upon intelligence information." (emphasis mine).

ECONOMIC INTELLIGENCE'S ROLE IN ECONOMIC POWER

First, we must define what we mean by economic intelligence. For purposes of this paper, I have used the following economic intelligence definition: The government's collection, processing, analysis and reporting of economic information on a foreign country in direct support of U.S. government political, economic, military or informational policies or programs.

This definition includes the collection of information on a foreign government's economic policy, programs and overall macro economic health by intelligence means. This definition does not include economic information on a given foreign government that can be derived from open (public) sources nor does it include intelligence information on foreign (private) companies.

Today, policymakers and the public seem less concerned about surprise attacks and more about the loss of U.S. jobs to a foreign country, less about foreign military bases and more about access to foreign markets, less about other countries military alliances and more about their preferential trading arrangements,

less about policies designed to create military advantage and more about policies designed to create commercial advantage. 14

Highly accurate and timely economic intelligence on the intentions and capabilities of our adversaries is needed to influence U.S. economic factors and alliances, to establish domestic fiscal or monetary policy, and to institute appropriate governmental programs. Without economic intelligence, a nation may be destined to simply flow with economic tides and to relegate its economic destiny to powers beyond its control.

ECONOMIC INTELLIGENCE BY WHOM?

The Central Intelligence Agency (CIA) is the primary provider of U.S. economic intelligence. Since the 1950's, the CIA has routinely monitored world economic trends, such as oil production, crop yields, world trade developments, foreign government economic policies and key technology issues. ¹⁵ It has routinely provided this information to governmental agencies to assist them in formulation of economic, military or political policy and programs that would benefit the U.S.

Over the past few years, the CIA is alleged to have been involved in economic intelligence gathering against Japan, France, Germany, Mexico, Brazil, India and Saudi Arabia. The CIA's efforts have ranged from Japanese political reform for U.S. negotiations during trade talks to spying on French industry. 17

A few Congressmen and many industry officials argue the CIA does not need to gather economic intelligence because most desired information is readily available in open-sources such as

governmental documents, industry technical bulletins and alike. These individuals also point out it would take years for the CIA to place and develop appropriate human intelligence resources to provide crucial economic intelligence when needed. Additionally, they cite U.S. public embarrassment when five alleged CIA operatives where expelled from France in 1995 for attempted economic intelligence activities.

And lastly, there are those who say to expand existing economic intelligence gathering efforts may lead to an economic-cold war where each nation would put large amounts of resources into gather economic intelligence on adversarial nations.

U.S. officials acknowledge government involvement in countering other nation's attempts to gather economic secrets against U.S companies, or a foreign government's attempts to create an economic advantage for their companies through unethical or illegal activities such as bribes or providing inside information on contract negotiations.

In 1993, the CIA uncovered a French bribe to Brazilian officials to land a \$1.4 billion contract to provide Brazil with a radar system. The disclosure eventually convinced the Brazilian government to award the contract to the U.S. Raytheon Corporation. 18

Also in 1993, the CIA obtained what appeared to be a collection plan prepared by the French intelligence service in 1989 to target 70 or so U.S, commercial entities as French targets for intelligence gathering. Likewise, it was alleged

that over 49 U.S. companies were targeted by the French government at the 1993 Paris Air Show.²⁰

While it may seem evident that other governments are conducting sanctioned industrial espionage against U.S. companies, this practice is not condoned by current and past U.S. administrations. The last three U.S. Directors of Central Intelligence (Robert Gates, James Woolsey, and John Deutch) have made public statements to this effect. These DCIs felt that if the U.S. where to conduct foreign industrial espionage, and if such a fact were made public, the U.S. would be embarrassed and it could open itself up to retaliatory actions by the targeted country (which may often be a close friend of the U.S.).²¹

Additionally, the U.S. government shies away from risky collection of foreign economic information that is highly perishable in nature. Likewise, the government will not collect economic information that may be readily available via non-intelligence sources or that can not be readily interpreted by intelligence agencies due to its fragmented nature. In the former case, the U.S. has wisely decided the simple risk of exposure or the compromise of sensitive sources and methods are not worth the political risk or embarrassment vis-a-vis the payoff in actual intelligence. In the later cases, the U.S. has determined the intelligence resource costs are not worth the economic information benefits.

ECONOMIC INTELLIGENCE: FOR WHOM?

Within the confines of this unclassified paper, one should

assume NSC members are the primary consumers of foreign economic intelligence. Each NSC organization is charged with developing strategies and programs to carry out national policy; therefore, necessitating economic intelligence on foreign governments' spheres of power. Likewise, one could include members of the NEC as consumers of economic intelligence related to a foreign government's economic trade policies as they effect U.S. domestic economic policy. Both the NSC and NEC are interested in any economic intelligence that will support the U.S. in reaching its national strategies. As an example, the NSC would be interested in the economic well being of potential adversaries (Iran, Irag, North Korea, Cuba, etc.) and their ability to stay in power under existing economic conditions (GDP, per capita income, trade balances, etc.). Likewise, the NEC could be interested in current Japanese economic policies towards the U.S. such as import restrictions of American car parts or farm products; or export dumping of trucks and televisions.

Again, to underscore the importance of economic intelligence, President Clinton states within his national security strategy:

[&]quot;U.S. intelligence capabilities are critical instruments of our national power and remain an integral part of our national security strategy. Only a strong intelligence effort can provide adequate warning of threat to U.S. national security and identify opportunities for advancing our interests. Decisionmakers ... will continue to rely on our intelligence community to collect information unavailable from other sources ... to help surmount potential challenges to our ... economic interests." (emphasis mine)

ECONOMIC INTELLIGENCE - FOR INDUSTRY?

As previously mentioned, the Executive Branch, Congress, and industry continue to debate the controversial issue of whether the government should provide economic intelligence to industry.

I contend the government should continue with its existing policy to restrict the distribution of economic intelligence to government elements only.

First of all, only government elements can levy economic intelligence requirements on appropriate CIA and DOD intelligence agencies. Unless a government element brokered an industry's economic intelligence requirements, there would be no assured way of knowing what intelligence an industry needed.

Second, there remains a legal issue on whether the government can and should disclose economic intelligence to U.S. corporations. Within the age of multi-national companies, there is always the possibility today's solely owned U.S. company could become a foreign or multi-national owned company in the future. In such instances, today's sensitive intelligence secrets might become the property of a foreign company.

Thirdly, if the government declassified economic intelligence for industry consumption, there would remain the possibility of inadvertently disclosing sensitive intelligence sources and methods, and in the case of human intelligence sources, perhaps jeopardize a life.

Fourthly, some argue disclosing the fact you are collecting economic intelligence on a foreign government invites reciprocal

action from the targeted nation. This could lead to an economic intelligence "race", or worse yet, an economic espionage "open season" by both friendly and adversarial nations.

I can think only of a few instances whereby the government could conceivably disclose economic intelligence to U.S. industries. One such instance could be when a foreign government might wish to destabilize U.S. economic policy or programs through currency transactions. To counter this effort, the U.S. might provide selective information to the U.S. banking industry. Or, another instance might be when a foreign power has had a revolutionary break-through in a weapons area (e.g. stealth or energy weapons) for which the U.S. has no current countermeasures. In such an instance, the government might choose to disclose such information to U.S. industries in order to speed up counter-measure research and development or equipment production. One could argue this type of intelligence disclosure has been on going in the field of weapon systems, missile and aircraft production, etc. In such cases, U.S. national security might be at stake and the disclosure of such information may out weigh the possibility of disclosing sensitive sources and methods.

DOD'S INVOLVEMENT IN ECONOMIC INTELLIGENCE

One often does not think of the DOD as a consumer of economic intelligence. However, as already noted, the DOD, as a member of the NSC, has standing requirements for economic related intelligence. However, the DOD does not actively portray itself as being in the economic intelligence business.

Granted, the DOD's first and most important task is to deter war and if that fails to decisively win our next war. However, in all likelihood, the DOD will spend more time in Operations Other Than War (OOTW) environments than it will in future conventional wars and surely not in global nuclear war. We need to only recall operations in Grenada, Panama, Rwanda, Somalia, Haiti and Bosnia in the last 20 years to foresee where most future operations will take place. Therefore, DoD will require military, political, informational and economic intelligence in support of OOTW as well as conventional wars.

Currently, only DoD strategic intelligence agencies are involved in economic intelligence collection, processing and dissemination. The operational and tactical sides of DoD have not historically been involved in economic intelligence. This strategic DOD and CIA economic intelligence division of effort has evolved over time. However, it is my belief DOD operational level elements should be more involved in economic intelligence, especially CINC, Joint Task Force Commander, Service Component Command levels.

Within today's world, especially in evolving third world countries, one can not distinguish between economic, political and military spheres of power. One need only to look at Panama and General Noriega to determine that his involvement in international drugs and the economic wealth it provided, coupled with his undisputed political and military power bases, argued that DoD was indeed a customer of economic intelligence.

Surely, CINC South was interested in where Noriega had his bank accounts and whether he could access them to buy support during Operation Just Cause or even worse, to flee the country with his tainted drug money.

Likewise, Saddam Hussein's attempts to circumvent United Nation's imposed sanctions often put the DoD into direct confrontation with his military forces as he tried to garner hard currencies to build up his military forces both before Desert Shield/Storm and during on going Southern Watch, Provide Comfort and UN sanction operations.

I believe DOD's role in economic intelligence should be expanded, especially in support of operations other than war. To support this premise, I cite the following examples of potential economic intelligence requirements for both conventional and operations other than war.

Conventional War Economic Intelligence Requirements:

Where and how are nation's financing weapons of mass destruction (nuclear, chemical, biological) and sophisticated delivery means, in particular ballistic missiles? Where and how are adversarial nations financing the modernization of their weapons systems and obtaining new armaments and sophisticated technologies (stealth, energy weapons, etc.)?

Operations Other Than War (OOTW) Economic Intelligence Requirements:

Arms Control: Where is a nation gathering its
ability/inability to carry out agreed upon arms control? Does it

have sufficient funds to destroy weapons? Is a target nation selling arms in order to garner hard currencies to modernize their armed forces?

<u>Combatting Terrorism</u>: How and where is a nation funding terrorist units and activities?

Counter-Drug Operations: 22 Where are drug dealers buying/hiring transit vehicles (air/sea/land) to infiltrate drugs into the U.S? Where and how are drug dealers exfiltrating hard currencies from the sale of drugs?

<u>Nation Assistance</u>: How are nations receiving economic support needed for security assistance or foreign internal defense programs?

<u>Peacekeeping and Peace Enforcement:</u> Where are warring factions receiving their economic support? Can that support be interdicted or stopped?

Support to Insurgencies: How are insurgent forces receiving financial power to buy weapons, train forces, and sustain their operations while attempting to change a foreign government.²³

EXPANDING DOD'S ROLE IN ECONOMIC INTELLIGENCE

If operational level intelligence organizations are to take a more active role of collecting economic intelligence, the DoD needs to make a few changes in policy, doctrine, training, equipment and actual intelligence operations.

POLICY CHANGES

As noted earlier, the CIA, with assistance from DOD strategic intelligence agencies, has almost exclusively been

given the mission of collecting and producing economic intelligence for the U.S. In order to officially sanction DoD operational elements the authority to routinely collect economic intelligence, the President or the Director of Central Intelligence must establish policy outlining official divisions of effort between the CIA and DoD intelligence agencies. This policy should outline which agencies have responsibility for economic intelligence at strategic and operational levels. It may also include which intelligence disciplines (signals, human, imagery, and open source) each agency may use in order to ensure there is no duplication of effort.

DOCTRINE CHANGES

Following policy changes and in conjunction with training and leader development, DoD operational elements need to define appropriate tactics, techniques and procedures, or the "how to" on the proper collection, processing, analysis and reporting of economic intelligence. These doctrinal procedures should be established along existing tactical intelligence doctrine lines that have served the DoD so well in the past.

TRAINING CHANGES

The DoD needs to expand both civilian and military (officer and enlisted) personnel training to ensure they have the requisite skills needed to collect, process, analyze and report economic intelligence. The DoD may want to restrict economic intelligence training to only mid to senior level civilians, non-commissioned officers and officers who have mastered both

military and political intelligence skills. DoD changes should be made at both basic and advanced intelligence training schools to ensure this new field of intelligence is inculcated into professional development.

EQUIPMENT CHANGES

The DoD would need to examine which operational intelligence collection equipment would need modification in order to collect and exploit a potential adversary's economic intelligence media. This may mean a change to existing equipments, especially signals intelligence equipments. However, it is highly unlikely human or imagery intelligence equipments will need modification.

Likewise, existing intelligence analysis and reporting systems should be sufficient to take on this additional intelligence category. However, the DoD may have to develop or modify existing economic intelligence analysis tools for adaptation to operational processing and all source intelligence systems.

INTELLIGENCE OPERATIONS CHANGES

While most DoD strategic intelligence organizations are actively involved in real world intelligence production day in and day out, most operational units are not. Therefore, operational units will need to exercise their ability to collect, process, analyze and report economic intelligence along with their military and political intelligence tasks. Operational units may have to practice their economic intelligence skills through such innovative means as remoted collection or processing, during annual rotations to training centers, or by

working on real world problems under direction from national agencies. This later category could exercise a unit's analytic and reporting elements, especially language and analytic skills which are very perishable and need continuous reinforcement if they are to be ready for eventual contingencies. Furthermore, by practicing these skills at the operational level, personnel will have the requisite skills needed to readily rotate between strategic and operational intelligence units/agencies.

CONCLUSION

Economic power is the foundation for a nation's political, military and informational power. A nation can not survive without economic power. The U.S. government does not solely control its economic power. Rather, it shares economic power with the private sector.

DOD intelligence agencies and the CIA have been very successful at gathering adversarial political, informational and military intelligence. It is therefore logical the U.S. should use these extensive intelligence capabilities to exploit an adversary's economic weakness or to counter an economic strength. Specifically, the CIA and strategic DOD intelligence agencies must sustain and DOD operational intelligence elements must expand their abilities to exploit economic intelligence opportunities. However, CIA and DOD gathered economic intelligence, with few exceptions, must stay within government channels.

As President Clinton emphasized within his national security strategy:

"The collection and analysis of intelligence related to **economic** development will play an increasingly important role in helping policy makers understand economic trends." Collection and analysis (of economic intelligence) can (also) help level the economic playing field by identifying threats to U.S. companies from foreign intelligence services and unfair trading practices." (emphasis mine)

Economic intelligence supports economic security. The proper conduct of economic intelligence, like economic security, is vital to our national interest!

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